

A RESOLUTION
2005-18-CCHFC

AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF APPROXIMATELY \$130,000,000 IN PRINCIPAL AMOUNT OF "CITY OF SAN ANTONIO, TEXAS CONVENTION CENTER HOTEL FINANCE CORPORATION CONTRACT REVENUE EMPOWERMENT ZONE BONDS, SERIES 2005A", AND APPROXIMATELY \$80,000,000 IN PRINCIPAL AMOUNT OF "CITY OF SAN ANTONIO, TEXAS CONVENTION CENTER HOTEL FINANCE CORPORATION CONTRACT REVENUE BONDS, TAXABLE SERIES 2005B" FOR THE PURPOSE OF PROVIDING A PORTION OF THE FUNDS REQUIRED TO FINANCE THE DESIGN, DEVELOPMENT, CONSTRUCTION, EQUIPPING, FURNISHING AND OPENING OF A CONVENTION CENTER HOTEL; DELEGATING AUTHORITY TO THE PRESIDENT OF THE BOARD OF DIRECTORS TO APPROVE ALL FINAL TERMS OF THE BONDS; APPROVING ALL FINANCING DOCUMENTS TO WHICH THE CORPORATION IS A PARTY IN SUBSTANTIALLY FINAL FORM INCLUDING, BUT NOT LIMITED TO, A BOND PURCHASE AGREEMENT, AN INDENTURE OF TRUST; A LOAN AGREEMENT, A CASH MANAGEMENT AGREEMENT, AN ECONOMIC DEVELOPMENT AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT, A GUARANTY AGREEMENT, AN INSURANCE AGREEMENT, AND A LETTER OF CREDIT DELIVERY AGREEMENT; APPROVING THE FORM OF THE FINAL OFFICIAL STATEMENT, AND AUTHORIZING ALL OTHER NECESSARY ACTIONS RELATED THERETO

WHEREAS, the CITY OF SAN ANTONIO, TEXAS CONVENTION CENTER HOTEL FINANCE CORPORATION (the "Issuer"), a Texas nonprofit local government corporation acting on behalf of the City of San Antonio, Texas (the "City"), has been legally incorporated under the provisions of Subchapter D of Chapter 431, Texas Transportation Code, as amended; and

WHEREAS, the City has approved and is expected to enter into a *Project Agreement for the Development of a Convention Center Hotel in the City of San Antonio, Texas*, to be dated on or about June 8, 2005 (the "Project Agreement") with Hotel Investments, L.P., a Delaware limited partnership (the "Developer") for the purpose of the Developer's designing, developing, constructing, equipping, furnishing and opening a full-service headquarters hotel and related parking (the "Convention Center Hotel Project") that will be initially owned by the Developer and located adjacent to the City's convention center on land owned by, and initially leased or licensed from, the City; and

WHEREAS, the City has approved and is expected to enter into a *Ground Lease and License Agreement* with the Developer, to be dated on or about June 8, 2005, (the "Ground Lease") pursuant to which the property owned by the City on which the Convention Center Hotel Project will be built will be leased or licensed to the Developer for an initial term of approximately 75 years; and

WHEREAS, the City, on March 24, 2005, authorized the creation of the Issuer to aid and act on behalf of the City to accomplish certain governmental purposes of the City, including financing of a portion of the costs of the Convention Center Hotel Project; and

WHEREAS, the City, on April 14, 2005, approved an ordinance requesting and authorizing the Issuer to issue up to \$130,000,000 in principal amount of *City of San Antonio, Texas Convention Center Hotel Finance Corporation Contract Revenue Empowerment Zone Bonds, Series 2005A* (the "Series 2005A Bonds") and up to \$100,000,000 in principal amount of *City of San Antonio, Texas Convention Center Hotel Finance Corporation Contract Revenue Bonds, Taxable Series 2005B* (the "Taxable Series 2005B Bonds", and together with the Series 2005A Bonds, the "Bonds"), the proceeds of which will be loaned to the Developer, and used to provide a portion of the funds required to finance the Convention Center Hotel Project; and

WHEREAS, the Board of Directors of the Issuer (the "Board") hereby deems it necessary and desirable to issue and deliver the Bonds to finance a portion of the Convention Center Hotel Project in order to promote economic development and to stimulate business and commercial activity in the City; and

WHEREAS, the Bonds will be issued pursuant to the terms of an *Indenture of Trust* between the Issuer and Wells Fargo Bank, N.A. (the "Trustee"), to be dated on or about May 15, 2005, together with any amendments and supplements thereto (the "Indenture"); and

WHEREAS, proceeds of the Bonds will be loaned by the Issuer to the Developer pursuant to the terms of a *Loan Agreement* between the Issuer and the Developer (the "Loan Agreement"), and the Developer will be obligated, pursuant to the Loan Agreement and the Ground Lease, to pay all operation and maintenance expenses of the Convention Center Hotel Project and debt service related to the Bonds with certain operating revenues generated from the Convention Center Hotel Project (more specifically defined in the Loan Agreement and the Ground Lease and referred to herein as the "Net Operating Revenues"); and

WHEREAS, the Bonds will be secured by and payable from a pledge of the Net Operating Revenues, and, pursuant to an *Economic Development Agreement*, dated as of May 15, 2005 (the "Economic Development Agreement"), which was approved by the City Council on April 14, 2005, the City has committed to provide additional security for the Bonds by pledging or granting available revenues derived from certain local hotel occupancy taxes and from certain state hotel occupancy taxes and sales taxes; and

WHEREAS, the scheduled payments of the principal of and interest on the Bonds when due will be guaranteed under a financial guaranty insurance policy (the "Financial Guaranty Insurance Policy") to be issued by Ambac Assurance Corporation (the "Bond Insurer") in accordance with the terms set forth in the Financial Guaranty Insurance Policy; and

WHEREAS, the Bonds will be further secured by a first lien mortgage on certain real and personal property of the Developer pursuant to a deed of trust and security agreement, and related documents entered into by the Developer for the benefit of the Issuer (collectively, the "Deed of Trust"); and

WHEREAS, the net proceeds of the Bonds, together with certain funds or other assets contributed by equity investors arranged by the Developer, will be used by the Developer to (i) design, develop, construct, furnish and open the Convention Center Hotel Project (including payment of all engineering, architectural and other professional fees related to the design, development and construction of the Convention Center Hotel Project, primarily pursuant to the terms of the Project Agreement), (ii) fund approximately 38 months of capitalized interest (which is intended to cover the period commencing with the date of issuance of the Bonds through six months following completion of construction of the Convention Center Hotel Project), (iii) fund a debt service reserve fund equal to the maximum principal and interest requirements on the Bonds (which will be funded with proceeds of the Bonds and the purchase of a reserve fund credit facility to be provided by and purchased from the Bond Insurer), (iv) purchase the Financial Guaranty Insurance Policy, and (v) pay costs of issuance; and

WHEREAS, the Board now deems it necessary and appropriate to approve the form of, and consent to the Issuer entering into, all agreements and instruments to which the Issuer is a party in connection with the issuance of the Bonds, including but not limited to the following agreements:

- (i) the Indenture;
- (ii) the Loan Agreement;
- (iii) a Bond Purchase Agreement by and among the Issuer and the Underwriters named herein (the "Bond Purchase Agreement");
- (iv) the Economic Development Agreement;
- (v) a Lock Box and Cash Management Agreement, dated as of May 15, 2005, by and among the Issuer, the Trustee, Wells Fargo Bank, N.A., in its capacity as the "Depository Bank" thereunder, the Developer, and the Hyatt Corporation as the initial operator of the Convention Center Hotel Project (the "Cash Management Agreement");

- (vi) a Continuing Disclosure Agreement, dated as of May 15, 2005, by and among the Issuer, the City and the Developer (the "Continuing Disclosure Agreement");
- (vii) a Guaranty Agreement, dated as of May 15, 2005, between the Issuer and the Bond Insurer, as the provider of the reserve fund credit facility relating to the Bonds, pursuant to which the Issuer is obligated to reimburse the Bond Insurer for any draws on the reserve fund credit facility being provided by the Bond Insurer (the "Guaranty Agreement");
- (viii) an Insurance Agreement, dated as of May 15, 2005, between the Issuer and the Bond Insurer pursuant which the Bond Insurer shall be entitled to receive additional premium during the period of time that the underlying rating assigned to the Bonds by any rating agency is below "Investment Grade" (as defined in the Indenture) (the "Insurance Agreement"); and
- (viii) a Tax Agreement, dated as of May 15, 2005, by and among the Issuer, the Trustee, the Developer and the Hyatt Corporation (the "Tax Agreement");

WHEREAS, the agreements listed in the preceding recital are collectively referred to herein as the "Issuer Agreements"; and

WHEREAS, Securities and Exchange Commission Rule 15c2-12, codified at 17 C.F.R. §240.15c2-12 ("Rule 15c2-12"), requires that the Official Statement prepared and distributed in connection with the issuance of the Bonds be "deemed final" as of its date by the Issuer; and

WHEREAS, such Official Statement has been reviewed by the Board and representatives of the staff of the City; and

WHEREAS, it is hereby officially found and determined that the meeting at which this Resolution was passed was open to the public, and public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CITY OF SAN ANTONIO, TEXAS CONVENTION CENTER HOTEL FINANCE CORPORATION THAT:

SECTION 1. INCORPORATION OF RECITALS. The Board hereby finds that the statements set forth in the recitals of this Resolution are true and correct, and the Board hereby incorporates such recitals as a part of this Resolution.

SECTION 2. AUTHORIZATION OF ISSUANCE AND SALE OF THE BONDS. (a) Authority to Issue and Deliver Bonds. The Bonds are hereby authorized to be issued in the form and substance set forth in the Indenture and pursuant to the final terms approved by the President of the Board as set forth in *Exhibit A* (which shall be attached hereto upon execution thereof by the President of the Board) subject to the provisions of Section 2(b) of this Resolution. The President or Vice President of the Board is authorized and directed to execute, and the Secretary of the Issuer is authorized and directed to attest the Bonds and to affix the Issuer's seal thereto. The Bonds are hereby authorized to be sold and shall be delivered to *Citigroup* and *UBS Financial Services Inc.*, as representatives of the Underwriters (collectively, the "Underwriters") at a price determined by the President of the Board and as set forth in *Exhibit A* attached hereto, and pursuant to the terms and provisions of a Bond Purchase Agreement in substantially the form attached hereto as *Exhibit B* which the President of the Board is hereby authorized and directed to execute and deliver. The Issuer shall initially deliver to the Underwriters one Bond for each Series of the Bonds authorized under this Resolution, payable in principal installments corresponding with each maturity of the respective Series of Bonds. The Bonds shall initially be registered in the name of *Citigroup*.

(b) Delegation of Final Terms to President. The President of the Board of the Issuer is hereby authorized, appointed, and designated as the officer of the Issuer authorized to act on behalf of the Issuer to effect the sale of the Bonds and to establish the terms and details related to the issuance and sale of the Bonds including (i) the total aggregate principal amount of Bonds to be issued (but in no event to exceed \$130,000,000 in principal amount of the Series 2005A Bonds, and \$85,000,000 in principal amount of the Taxable Series 2005B Bonds), (ii) the price at which the Bonds will be sold, (iii) the date of the Bonds, (iv) the aggregate principal amount of each maturity thereof, (v) the due date of each maturity (but in no event later than *July 15, 2040*), (vi) the rate of interest to be borne on the principal amount of each such maturity (but in no event to exceed a true interest cost of 5.75% with respect to the Series 2005A Bonds and 6.25% with respect to the Taxable Series 2005B Bonds), (vii) the dates, price and terms upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the Issuer, as well as any mandatory sinking fund redemption provisions for any maturity, if any, and (viii) all other matters relating to the issuance, sale and delivery of the Bonds. The President of the Board, acting for and on behalf of the Issuer, is further authorized to complete and attach *Exhibit A* of this Resolution with the final terms of the Bonds approved pursuant to the authority granted herein, cause such final terms to be incorporated into the Indenture and any other necessary document, and to enter into, execute and carry out the Bond Purchase Agreement with the Underwriters named therein.

SECTION 3. APPROVAL OF ISSUER AGREEMENTS. The Issuer Agreements are hereby approved in substantially the forms presented at this meeting, with such changes thereto as are approved by the President of the Board or the Executive Director of the Issuer, with advice of the Issuer's Co-Counsel and Co-Financial Advisors, and the President and Vice President of the Board of Directors and the Executive Director of the Issuer each are authorized to execute, and the Secretary of the Issuer is authorized to attest the Issuer Agreements (if so provided therein) on behalf of the Issuer

and deliver same, and when executed and delivered, the Issuer Agreements shall become valid and binding obligations of the Issuer in accordance with their respective terms.

SECTION 4. AUTHORITY TO APPROVE FINAL OFFICIAL STATEMENT. On April 14, 2005, the Board approved the form of the Preliminary Official Statement relating to the Bonds and the use of such Preliminary Official Statement in connection with the sale of the Bonds by the Underwriters. The Board has been advised that the Preliminary Official Statement was posted on the internet on May 4, 2005, in preparation for pricing the Bonds by the Underwriters in the near future. The Board of Directors hereby authorizes the President of the Board of the Issuer to approve a final Official Statement relating to the Bonds (which shall be substantially in the form as the Preliminary Official Statement and shall include the final pricing terms approved by the President pursuant to Section 2(b) hereof), to approve all other changes deemed necessary as such changes may be recommended by the Executive Director of the Issuer, the Issuer's Co-Financial Advisors or the Issuer's Co-Bond Counsel, and to execute the final Official Statement on behalf of the Issuer. The final Official Statement in the form approved by the President of the Board, shall thereafter be "deemed final" by the Issuer within the meaning of Securities and Exchange Commission Rule 15c2-12, codified at 17 C.F.R. §240.15c2-12.

SECTION 5. AUTHORIZING ALL NECESSARY ACTIONS. (a) The President and Vice President of the Board, and the Executive Director, Secretary and the Treasurer of the Issuer and all other officers and officials of the Issuer are hereby authorized to take any and all actions necessary to facilitate the issuance of the Bonds and all other transactions contemplated by this Resolution and the Issuer Agreements, including but not limited to executing all certificates, opinions, and other documents necessary in connection therewith.

(b) The President and Vice President of the Board, and the Executive Director, the Secretary and the Treasurer of the Issuer and all other officers, employees, and agents of the Issuer, and each of them shall be and they are expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the Issuer all such instruments and agreements, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution, the Bonds, and all other Issuer Agreements. In addition, prior to the initial delivery of the Bonds, the President and Vice President of Board, and the Executive Director, the Secretary and the Treasurer of the Issuer, and the Issuer's Co-Counsel and Co-Bond Counsel are each hereby authorized and directed to approve any technical changes or correction to this Resolution or to any of the Issuer Agreements necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Resolution, (ii) obtain the approval of the Bonds and the Issuer Agreements by the Attorney General of Texas, as required by law, (iii) obtain the Financial Guaranty Insurance Policy and a reserve fund credit facility from the Bond Insurer (for which payment of the premiums related thereto may be paid with proceeds of the Bonds), or (iv) obtain the ratings contemplated in the Official Statement.

(c) In case any officer whose signature shall appear on any of the Bonds or any Issuer Agreement or any other documents necessary in connection therewith shall cease to be such officer before the delivery of any of the Issuer Agreements or any other documents necessary in connection therewith, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

SECTION 6. DESIGNATING AUTHORIZED ISSUER REPRESENTATIVES. The President and Vice President of the Board and the Executive Director and the Treasurer of the Issuer are each hereby designated as an "Authorized Issuer Representative" for purposes of any of the Issuer Agreements with full authority to act on behalf of the Issuer as contemplated by the provisions of the Issuer Agreements.

SECTION 7. SEVERABILITY. If any provision of this Resolution or the application thereof to any circumstance shall be held to be invalid, the remainder of this Resolution and the application thereof to other circumstances shall nevertheless be valid, and the Board hereby declares that this Resolution would have been enacted without such invalid provision.

[The remainder of this page intentionally left blank]

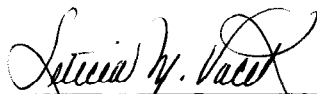
5/5/05
ITEM #4.1A

ADOPTED AND APPROVED THIS THE 5TH DAY OF MAY, 2005.



President, Board of Directors
City of San Antonio, Texas
Convention Center Hotel Finance Corporation

ATTEST:



Secretary, Board of Directors
City of San Antonio, Texas
Convention Center Hotel Finance Corporation

[SIGNATURE PAGE FOR ISSUER'S BOND RESOLUTION]

Agenda Voting Results

Name: 4.1A.

Date: 05/05/05

Time: 02:13:23 PM

Vote Type: Multiple selection

Description: A Resolution authorizing the issuance, sale and delivery of approximately \$130,000,000.00 in principal amount of "City of San Antonio, Texas Convention Center Hotel Finance Corporation Contract Revenue Empowerment Zone Bonds, Series 2005A", and approximately \$80,000,000.00 in principal amount of "City of San Antonio, Texas Convention Center Hotel Finance Corporation Contract Revenue Bonds, Taxable Series 2005B" for the purpose of providing a portion of the funds required to finance the design, development, construction, equipping, furnishing and opening of a Convention Center Hotel; delegating authority to the president of the board of directors to approve all final terms of the bonds; approving all financing documents to which the corporation is a party in substantially final form including, but not limited to, a bond purchase agreement, an indenture of trust; a loan agreement, a cash management agreement, an economic development agreement, a continuing disclosure agreement, a guaranty agreement, an insurance agreement, and a letter of credit delivery agreement; approving the form of the final official statement, and authorizing all other necessary actions related thereto.

Voter	Group	Status	Yes	No	Abstain
ROGER O. FLORES	DISTRICT 1		x		
JOEL WILLIAMS	DISTRICT 2		x		
RON H. SEGOVIA	DISTRICT 3		x		
RICHARD PEREZ	DISTRICT 4		x		
PATTI RADLE	DISTRICT 5		x		
ENRIQUE M. BARRERA	DISTRICT 6		x		
JULIAN CASTRO	DISTRICT 7	Not present			
ART A. HALL	DISTRICT 8		x		
CARROLL SCHUBERT	DISTRICT 9				x
CHIP HAASS	DISTRICT_10		x		
MAYOR ED GARZA	MAYOR		x		